GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2097
ANSWERED ON:12.12.2008
NEW PENSION SCHEME QUESTION
Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba

Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to bring the country`s entire workforce under New Pension Scheme (NPS),including workers in the unorganised sectors;

(b) if so,the details thereof and action taken thereon;

(c) whether the Government has sought comments of the Pension Fund Regulatory and Development Authority (PFRDA) to merge its employees Contributory Provident Fund with the New Pension System;

(d) if so,the response of the PFRDA;and

(e) the manner in which the Government will protect the interests of its employees?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BAN SAL)

(a) & (b): Yes,Sir.The Government of India has conveyed its approval to PFRDA in August,2008 to extend the new pension system to all citizens including the unorganised sector.

PFRDA has initiated preliminary action and is in the process of roll out of the New Pension System (NPS) for all citizens including unorganised sector workers.NPS is expected to be made available to all citizens with effect from 1s`April,2008.

(c): The comments from PFRDA were sought on transition from contributory provident fund (CPF) to defined contribution pension scheme for employees of autonomous bodies.

(d) & (e): The PFRDA has intimated that it welcomed the decision of the Government to move willing CPF beneficiaries to the New Pension System. NPS architecture, particularly the services of pension funds appointed by PFRDA can be availed of for the benefit of employees of autonomous bodies shifting from contributory provident fund to the defined contribution pension plan in the same manner as post 1/1/2004 employees of autonomous bodies. Initial enquiries with the central recordkeeping agency (CRA) indicate that minimal changes will be required to extend record-keeping services to such organisations. However, PFRDA would like to recommend that employees with less than 10 years of service left before superannuation could be advised to choose a capital protection oriented investment option with maximum exposure to fixed income instruments in order to avoid possible erosion in their accumulated pension wealth.